MEMORANDUM

To: Mr. Kyle J. Heatwole, Principal
      Flora M. Singer Elementary School

From: Mary J. Bergstresser, Acting Supervisor, Internal Audit Unit

Subject: Report on Audit of Independent Activity Funds for the Period
          October 1, 2016, through September 30, 2019

Independent Activity Funds (IAFs) of Montgomery County Public Schools (MCPS) are
established to promote the general welfare, education, and morale of students, as well as to finance
the recognized extracurricular activities of the student body. School principals are the fiduciary
agents for the IAFs charged with determining the manner in which funds are raised and expended
for activities such as field trips, admission events, and fundraisers. They are responsible for
ensuring that the IAFs are administered in accordance with Board of Education policies, MCPS
regulations, and procedures.

The IAF audits are conducted regularly to evaluate compliance with policies, regulations, and
procedures, and to review processes for continuous improvement. Generally accepted audit
procedures guide the work of the auditors who examine samples of the IAF records and financial
accounts selected from documentation of various activities to verify their accuracy, as well as to
assess the effectiveness of financial control procedures. An IAF audit does not review every
transaction or school activity, but seeks to provide reasonable assurance that any significant errors
or omissions in the financial records are detected.

At our November 8, 2019, meeting with you and Ms. Sheila S. Medina, school administrative
secretary, we reviewed the status of the conditions described in our prior audit report dated
November 3, 2016, and the status of present conditions. This audit report presents the findings and
recommendations resulting from our examination of the IAF records and financial accounts for
your school for the period designated above.

Findings and Recommendations

Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. In
our sample of disbursements, invoices were not always signed by the receiver to indicate goods or
services were received, and that payment could be processed. By requiring prior approval and
complete documentation, the principal retains control over the expenditure of IAFs. Purchasers
must sign invoices to indicate satisfactory receipt of goods or services prior to payments being processed.

Aggregate school expenditures of general funds for the procurement of refreshments in connection with meetings and staff appreciation items may not exceed $60 per individual staff member per fiscal year without the prior written authorization from the chief financial officer (CFO) (refer to MCPS Financial Manual, chapter 20, page 5). We found that you exceeded the total amount allowed in Fiscal Year 2019, without prior approval of the CFO. Moving forward, you must adhere to the MCPS requirements when exceeding expenditures.

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the school administrative secretary. These receipts must be deposited on the last working day of each month and before each weekend or holiday (refer to the MCPS Financial Manual, Chapter 7, pp. 4-5). We found instances in which staff collecting funds for activities were at times holding funds rather than remitting them timely to the school administrative secretary. We recommend that all staff who collect funds for school activities be reminded of remittance requirements (refer to MCPS Financial Manual, Chapter 7, page 4). We also noted that the school administrative secretary was not always making deposits on the last working day of each month and before each weekend or holiday. To minimize the risk of loss or theft and provide availability of funds to meet school needs, all funds collected should be remitted to the school administrative secretary daily for prompt deposit.

**Notice of Findings and Recommendations**

- Purchaser must confirm receipt of goods or services prior to disbursement (repeat).
- Total combined expenditures for staff appreciation and meeting refreshments may not exceed $60 per individual staff member per fiscal year without prior approval of the CFO.
- Cash and checks (funds) collected by sponsors must be promptly remitted with MCPS Form 280-34 to the school administrative secretary and deposited promptly.

Other matters were discussed and satisfactorily resolved. We appreciate the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, using the attached form, please provide a written response to the Internal Audit Unit within 30 calendar days of this report. In your response, please share a detailed plan for addressing these issues, including appropriate staff training and support.

Prior to returning your completed audit action plan, please contact Dr. Peter O. Moran, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Moran will indicate whether he will conduct an electronic review of your action plan or schedule a time to meet in person with you and your school administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:RCM:ish
Attachment

Copy to:
   Members of the Board of Education
   Dr. Smith
   Dr. McKnight
   Dr. Navarro
   Dr. Statham
   Dr. Zuckerman
   Mr. Civin
   Dr. Johnson
   Mrs. Dyson
   Mrs. Camp
   Mrs. Chen
   Ms. Diamond
   Mr. Reilly
   Mr. Tallur
   Dr. Moran
   Mr. Marella
   Ms. Webb
# FINANCIAL MANAGEMENT ACTION PLAN

**Report Date:** 2016-2019  
**Fiscal Year:** 2016-2019

**School:** Flora M. Singer ES - 770  
**Principal:** Kyle Heatwole

**OSSI**  
**Associate Superintendent:** Cheryl Dyson  
**Director:** Peter Moran

## Strategic Improvement Focus:
As noted in the financial audit for the period 2016-2019, strategic improvements are required in the following business processes:

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<tr>
<th>Action Steps</th>
<th>Person(s) Responsible</th>
<th>Resources Needed</th>
<th>Monitoring Tools / Data Points</th>
<th>Monitoring Who &amp; When</th>
<th>Results/Evidence</th>
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</thead>
</table>
| Admin team to ensure signature on invoices prior to disbursement of payment. Of significant issue is confirming on-line orders. | Administrative Secretary  
Principal | | Bookkeeper to confirm during monthly meeting with admin team | Bookkeeper  
Principal | Signed invoices/orders |
| Develop staff appreciation budget for the coming school year in August. This was completed in August 2019 prior to the audit in recognition of this issue. | Administrative Secretary  
Principal | | Review of budget prior to any staff appreciation expenditure and at the end of the school year | Administrative Secretary  
Principal | Final spending within budget |
| Review expectations with staff regarding submission of funds three times a year (August, November, March) | Administrative Secretary  
Principal | | | Administrative Secretary  
Principal | Timely submission of funds |

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OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

☐ Approved  ☐ Please revise and resubmit plan by _____________

Comments: [Signature]

Director: [Signature] Date: 1/17/20

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